

## FIRST AMENDMENT TO LEASE AGREEMENT

THIS FIRST AMENDMENT TO LEASE AGREEMENT (this "Amendment") is entered into as of the 7<sup>th</sup> day of July, 2008, by and between MONTGOMERY COUNTY, MARYLAND ("Landlord"), and THE STRATHMORE HALL FOUNDATION INCORPORATED ("Tenant").

### RECITALS:

A. Landlord and Tenant entered into a Lease Agreement dated October 1, 2004 (the "Lease"), pursuant to which Landlord leased to Tenant certain property in Montgomery County, Maryland, which consists of approximately eleven (11) acres located in the northeast quadrant of the intersection of Maryland Route 355 and Tuckerman Lane, together with all existing and future improvements thereon, including the buildings known as the "Mansion" and the "Venue" for the performing arts also known as "The Music Center at Strathmore", as further described in the Lease (the "County Premises").

B. Pursuant to Section 33 and Exhibit G to the Lease, Tenant is required to make certain annual payments to the Landlord to partially defray maintenance and restoration costs incurred by Landlord pursuant to Section 9A of the Lease and utility costs incurred by Landlord for the Venue (an "Annual Payment"), as further provided therein. Defrayment

C. Capital Restoration Costs are those costs incurred by the Landlord to restore or replace fixtures, finishes, equipment or systems that have a life expectancy greater than five (5) years.

D. Tenant timely made the required \$50,000.00 Annual Payment to the Landlord for Fiscal Year 2006, which Annual Payment was credited against the \$3,600,000 Tenant is required to pay pursuant to Exhibit G of the Lease. In anticipation of this Amendment, with the Landlord's knowledge, Tenant timely made the required \$150,000 Annual Payment for Fiscal Year 2007 (the "2007 Payment") directly into its investment account, which is maintained, managed and invested by Tenant in its discretion (the "Investment Account").

E. Landlord and Tenant desire to amend the Lease to modify the schedule for Annual Payments provided in Exhibit G to the Lease, to permit Tenant to make the Annual Payments to the Investment Account in accordance with the amended schedule, to provide for the method of disbursement of the Annual Payments, to incorporate the Third Amendment to the Endowment Fund as Exhibit C-4 and to otherwise amend the Lease, all as more particularly set forth below.

NOW, THEREFORE, in consideration of the mutual covenants of the parties hereto, the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are expressly acknowledged by the parties, Landlord and Tenant agree as follows:

1. Endowment Fund. The Lease is hereby amended to add the attached Third Amendment to Agreement, dated March 3, 2006, as Exhibit C-4 to the Lease. Section 8.C of the Lease is hereby amended to incorporate and reference Exhibit C-4 therein.

2. Defrayment Payments. Exhibit G to the Lease is hereby deleted in its entirety and replaced with the following:

“(a) (i) In addition to the \$50,000 paid directly to the Landlord in Fiscal Year 2006, Tenant agrees to have deposited or cause to accrue, through interest or gains, funds in the Investment Account in the amount of \$3,550,000 (as the same may be adjusted in accordance with subsection (a)(ii) below, the “Total Funding Amount”) on or before June 30, 2019, for the purposes described herein. In order to timely generate the Total Funding Amount and commencing with the \$150,000 previously deposited by Tenant to the Investment Account as the 2007 Payment, Tenant shall make annual payments each fiscal year to the Investment Account in accordance with the schedule set forth below. All such payments to the Investment Account will be invested by Tenant, as will all returns earned on such investments, for the purpose of creating a balance for such investments equal to the Total Funding Amount by June 30, 2019 (“Final Funding Date”). Tenant agrees that it is obligated to meet the Total Funding Amount by the Final Funding Date through the accumulation of either interest, dividends, realized gains from the portfolio sale or additional cash payments. The payment schedule set forth below contemplates an annual return on investments of 8%.

<u>Fiscal Year</u>	<u>Payment Schedule</u>		
	<u>Foundation Payment</u>	<u>Projected Earnings</u>	<u>Projected Fund Balance</u>
2007	\$150,000	12,000	\$162,000
2008	\$150,000	24,960	\$336,960
2009	\$150,000	38,957	\$525,917
2010	\$150,000	54,073	\$729,990
2011	\$150,000	70,799	\$955,789
2012	\$155,000	88,863	\$1,119,653
2013	\$155,000	108,372	\$1,463,025
2014	\$160,000	129,842	\$1,752,867
2015	\$160,000	153,029	\$2,065,896
2016	\$160,000	178,072	\$2,403,968
2017	\$165,000	205,517	\$2,774,485
2018	\$165,000	235,159	\$3,174,644
2019	\$165,000	267,172	\$3,606,815

(ii) The Total Funding Amount shall be used solely for the purposes of reimbursing the Landlord for costs incurred by the Landlord pursuant to Sections 9A and 33 of the Lease. The Landlord, upon thirty (30) days written notice to Tenant, may request that Tenant reimburse the Landlord for Capital Restoration Costs from monies in the Investment Account (an “Early



Advance”). Tenant must reimburse Landlord within thirty (30) days of the request. The amount of all Early Advances shall be credited towards Tenant’s obligation to hold the Total Funding Amount in the Investment Account as of the Final Funding Date. In addition to receiving the foregoing credit for all Early Advances, Tenant shall also receive a credit against the Total Funding Amount for an assumed return on such Early Advance, had the Early Advance remained invested in the Investment Account until the Final Funding Date, compounded annually (the “Interest Credit”). By way of example, the Interest Credit would be calculated and tracked as follows assuming 8% per annum return for the period illustrated:

<b>FY</b>	<b><u>Actual Fund Balance</u></b>	<b><u>FY Early Advances</u></b>	<b><u>Accrued Advances and Interest Credits</u></b>	<b><u>FY Interest Credit**</u></b>	<b><u>Total Accrued Interest Credits and Early Advances</u></b>
2017	\$2,774,485.00	\$10,000*	\$0	\$396.71	\$10,396.71
2018	\$3,164,247.29	\$0	\$10,396.71	\$831.74	\$11,228.45
2019	\$3,595,586.55	\$0	\$11,228.45	\$898.28	\$12,126.73
				<b>Total as of 6/30/19</b>	\$12,126.73

\* Date of Early Advance is 12/31/17

\*\* Calculated by multiplying .08% by (i) the FY Early Advances, and (ii) Total Accrued Advances and Interest Credits; and then adding the product of (i) and (ii) together

(iii) For purposes of clarification, based on the calculations in the table above, as of the Final Funding Date, Tenant would be required to have \$3,537,873.27 (\$3,550,000 less \$12,126.73) available in its Investment Account for future reimbursements to the Landlord for Capital Restoration Costs.

(iv) The Investment Account is co-mingled with other Tenant monies, but all amounts paid into the Investment Account pursuant to the Payment Schedule in (a)(i) above and all earnings generated thereby will be separately tracked and accounted for on Tenant’s general ledger. Upon the written request of Landlord, Tenant will produce statements reflecting Tenant’s Investment Account showing all monies accrued to the date of such request. As of July 1, 2019:

(1) Any monies held in the Investment Account that exceed the Total Funding Amount shall be the property of Tenant, to be invested or distributed at Tenant’s discretion;

(2) All undisbursed funds, including interest or earnings accruing thereon, held in the Investment Account shall be the property of Landlord, to be invested or distributed at Landlord’s request; and Tenant shall continue to make disbursements to the Landlord in accordance with subsection (a)(ii) above, until the Total Funding Amount has been fully advanced to the Landlord.

Investment Account management fees on the Total Funding Amount balance after July 1, 2019 shall be deducted from the Fund if Landlord decides to maintain the Fund after July 1, 2019.

3. Governing Document. Except as modified by this Amendment, the Lease is hereby ratified and confirmed. In the event of any conflict between the terms and conditions of the Lease and the terms and conditions of this Amendment, the terms and conditions of this Amendment shall govern.

4. Incorporation of Recitals. The foregoing recitals are incorporated herein.

5. Definitions. Except where the context plainly requires otherwise, all capitalized terms that are not defined in this Amendment shall have the meanings ascribed to such terms in the Lease.

SIGNATURE PAGE TO FOLLOW

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first set forth above.

WITNESS:

LANDLORD:  
**MONTGOMERY COUNTY, MARYLAND**

Rebecca S. Demark


By:   
Name: Timothy L. Firestine  
Title: Chief Administrative Officer

Date: 7/8/08

WITNESS:

TENANT:  
**THE STRATHMORE HALL FOUNDATION,  
INCORPORATED**

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By:   
Name: Eliot Pfanstiehl  
Title: President

Date: 6/23/08

APPROVED AS TO FORM AND  
LEGALITY - OFFICE OF THE COUNTY ATTORNEY

By: Mare Hansen

Date: 7/3/08